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14 November 1985

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA: Deputy Director for Intelligence

FROM: [REDACTED] 25X1
Senior Analyst, DDI/NESA/Arab-Israeli Division

SUBJECT: The Middle East after the Tunis Raid and the
Achille Lauro Affair --Fallout from an Eventful
Month

1. Even for the crisis-prone Middle East, October was particularly turbulent. The Israelis opened the month with the 1 October raid on the PLO headquarters in Tunis and closed it on 27 October by striking a PFLP-GC camp in the Bekaa Valley. The intervening weeks saw the Achille Lauro hijacking and its aftermath; the breakdown of a planned meeting between the British and a joint Palestinian-Jordanian delegation; US Congressional action delaying a decision on the arms package for Jordan; the opening of the Falasha trials in Khartoum; and extensive regional reactions to these events. [REDACTED] 25X1

2. US interests and influence in the Arab states have taken a battering in all of this. The short-term upsurge in open displays of anti-American sentiment -- media attacks, student demonstrations, and the like -- is subsiding, but an undercurrent of hostility to the United States is still strong.

--The resentment focuses on what is seen as continuing strong US support for Israel at the expense of the Arabs, great power muscle-flexing, and US unwillingness to support moderate, pro-Western leaders in the region.

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The Souring of US-Arab Relations

3. American stock and credibility in the Middle East clearly has suffered a major setback.

--For the North Africans, US abstention on the UN resolution condemning the Israeli raid on Tunis did little to counter

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the perception that the United States had failed to come to the support of a moderate, pro-US state.

--In Egypt, a leading newspaper editor warns that Egyptian-US relations will lose their "special" quality. There probably is less than meets the eye in Cairo's efforts to demonstrate pique, but Mubarak's willingness to get out in front on our behalf -- never great -- almost certainly has diminished.

--In Jordan, King Hussein clearly was stung by Congressional action on the arms package and has joined the chorus of Arab leaders expressing doubt about US commitments and credibility.

--Meanwhile, the opening of the Falasha trials in Khartoum has provided the Sudanese an opportunity to vent their frustration with the United States. Our Embassy in Khartoum says this souring mood encourages Sudanese radicals and foreign terrorists to lash out at the United States.

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4. In sum, there has been a short-term surge in anti-US sentiment that has heightened the danger of terrorism against US personnel and facilities in the Middle East. Over the longer term, the continuing undercurrent of popular resentment of US policies in the region limits the Arab leaders' room to maneuver. Moreover, their doubt about the extent of US commitments and reliability reinforces their hesitation to take political risks to advance US-sponsored initiatives. [REDACTED]

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A Preliminary Scorecard for the Regional Actors

5. The Middle Eastern players edging toward participation in a US-sponsored peace initiative suffered corresponding setbacks in October. Having failed to come up with anything to show for flirting with negotiations, they are retreating to politically safer hardline positions. [REDACTED]

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6. Arafat's Troubles. The PLO Chairman emerges from October as the greatest loser. The events of the past month leave him with no successes to show for having pursued the negotiations option, with his control over even the loyalists in his own movement in deeper doubt, and with virtually no place to go.

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--Arafat's statement in Cairo last week ruled out terrorism for its own sake but reaffirmed the "armed struggle" against Israel -- a nod to Palestinian hardliners dissatisfied with the diplomatic track.

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7. Hussein's Woes. The King too emerges as a loser. In my view, Hussein saw an opportunity in Arafat's defeats in Lebanon in 1982 and 1983 to regain some of the control over the future of the Palestinian movement that he lost in 1974 when the Arabs recognized the PLO as the "sole, legitimate representative" of the Palestinian people. More than half of Jordan's population is Palestinian and the King has little interest in seeing a resolution of the Arab-Israeli conflict that leaves an independent Palestinian state on the West Bank potentially hostile to the survival of the Hashemite monarchy in Amman.

--Hussein doesn't want to go down in history as the Arab leader who lost the West Bank to Israel either, so he must continue to look for Palestinian support for a negotiated solution that establishes some kind of link between Jordan and the West Bank territory. He has no military option and won't negotiate alone.

--Meanwhile, however, Hussein has to ease the tension that has been building: strains with neighboring Syria, signs of diminished support from Washington, and the prospect of confrontation with militant Palestinian hardliners hoping to use Jordan as a base for the "armed struggle" against Israel.

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8. Assad Grabs the Advantage. As a result of these developments, Syria's President comes out of October a winner, exploiting the situation to reinsert Syria at the center of a new, more hardline Arab consensus. The joint Jordanian/PLO peace initiative that threatened -- in Assad's view -- to exclude Syrian interests or at least to fall well short of Syrian demands has lost momentum. Assad now waits for Hussein to come to Damascus and collects a Saudi pay-off in the bargain.

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A Note On the Israelis

9. Peres Comes Up a Winner (Temporarily). The Tunis raid offered a nice, clean retaliatory blow that inflicted heavy losses on the Palestinians and suggested that Israel had retaken the initiative after the long and disastrous Lebanon misadventure. Likud then shot itself in the foot politically in the aftermath of Peres' speech at the UN, with hardliners demanding that the Prime Minister clarify his position on the peace process and then failing to muster the votes in the Knesset to challenge Peres for not doing so. Meanwhile, King Hussein has taken the onus for moving the PLO toward acceptance of 242 and abandoning terrorism, while in Israel the politically explosive decisions on concessions of its own are indefinitely postponed. []

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Where do We Go From Here?

10. The Israeli sense that things are going their way will almost certainly prove short-lived. Defense Minister Rabin told the Knesset a few weeks ago that the threat of terrorism is receding and that threats to Israeli security will again come primarily from the conventional militaries of the Arab states. Recent successes by Israeli security forces in rounding up terrorists in the occupied territories and the diarray among the Palestinians provide grounds for such a judgment.

--Nevertheless, as Israeli leaders themselves are well aware, Israel's war with the Palestinians -- carried out sporadically during the periods between bouts of the Arab-Israeli war -- is far from over. []

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11. The pressures on Arafat from hardliners in the leadership and frustrated cadres in scattered training camps will continue to mount.

--Arafat may try to delay the inevitable by taking yet another last stand against the Syrians in Lebanon or, on the other hand, opting for the almost even less attractive course of seeking reconciliation with Syria. But the crowd is in the streets and Arafat will have to keep up with it if he wants to be the leader.

--The West Bank will be one key arena in which the consequences of Arafat's dilemma will be played out. Even if the PLO leader tries to comply with Jordanian strictures against terrorism, the lack of movement on the political front will feed the trend toward more West Bank violence instigated by Palestinian hardliners and militants. (S NF)

12. For the United States, the costs of an upward spiral in the Israeli-Palestinian war will be considerable. The enduring lesson of the events of October may be this additional dilemma.

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--As the Palestinians are scattered over wider and wider reaches of the Arab world, Israeli retaliatory strikes will affect Arab states that in the past have stood on the sidelines of the Arab-Israeli conflict. [REDACTED]

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